HDD Market Update: Changing Paradigms

New growth drivers and seasonality patterns emerging
Topics

- Past HDD Market Trends
- Current HDD Market Trends
- PC/HDD/SSD Outlook
- Conclusions

- Solid CAGR with predictable seasonality

HDD Shipments 1998 - 2007

- HDD Shipments (M)
- Year: 1998 to 2007
- CAGR: 3.5, 2.5, 1.8

September 2010
Predictable Seasonality

HDD Quarterly Shipment % Change (1998 - 2007)
1998 – 2007

- HDD market growth drivers
  - PCs: desktop
  - Servers: traditional SCSI & Fibre
- Seasonal trends
  - CQ1 & CQ2 down (single digit)
  - CQ3 & CQ4 up (high single or low double digit)
- Developed Nations
  - US, EMEA, Japan
HDD Shipments: 2008 - 2014

- Solid growth continues, but....

HDD Shipments 2008 - 2014

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New Seasonality?

HDD Quarterly Shipment % Change (CQ1 '08 - CQ2 '11)

September 2010
2008 - 2014

- HDD market growth drivers
  - PCs: mobile/netbook
  - Servers: nearline

- Seasonal trends
  - CQ1 & CQ2: ???
  - CQ3 & CQ4: ???

- Developing nations
  - BRIC
PC Market Outlook

• 2010 – IT Refresh Accelerates
  • 18%+ increase over 2009
  • Mobile, desktop growth in 2010
  • Netbook impacted by iPad/other tablet PCs

• Near Term
  • Slowing recovery trims consumer demand
  • Pessimistic forecast could end at +13% Y-Y
PC Forecast: 2009 - 2014

PC Forecast 2009 - 2014

Unit Shipments (M)

2009 2010* 2011* 2012* 2013* 2014*

Desktop Mobile

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HDD Market Outlook

• Record CQ1 breeds optimism for 2010
  • 162M HDDs – first CQ1 sequential rise ever
• CQ2 seasonality drops TAM to 157M
  • Industry adjusts overly-optimistic plans
• 2H demand will drive double digit growth
  • Forecast for 2H will result in 670M HDDs, up ~20% year over year
  • Pessimistic slowing growth may still achieve nearly 18% Y-Y rise

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2.5” v. 3.5” Client and CE

- 2.5” grows with transition to mobile HDDs
Mobile HDDs - Capacity

- Areal density growth slowing
SSD v HDD

- Capacity & price favor HDDs
SSDs

- Steady growth, but small volumes
Conclusions

- Time needed to adjust to new seasonal trends
- Different set of growth drivers will fuel solid growth for PC & HDD markets
- HDDs remain the most cost-effective storage medium available
Thank You!

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